

REPORT THIRD QUARTER 2023



“Soiltech’s Q3 results reflect the strength of our client base and international growth. Our full technology portfolio has experienced a surge in demand, which can be attributed to our commitment to delivering innovative solutions, maintaining robust operations, and the exceptional dedication of the Soiltech team”.

- Jan Erik Tveteraas, CEO Soiltech AS

THIRD QUARTER 2023

(Numbers in brackets refer to corresponding period in 2022)

In the third quarter of 2023, Soiltech has continued its growth trajectory, achieving record-high levels of activity. Revenues reached MNOK 66.4, with EBITDA at MNOK 15.7, and a solid pre-tax profit of MNOK 8.2. This success can be attributed to the increasing demand for our innovative and sustainable waste treatment solutions, which contribute significantly to reducing our clients' carbon footprint.

HIGHLIGHTS

- Excellent operational performance with full commercial uptime on all operating units
- Increased demand across our comprehensive technology portfolio
- International operations now account for approximately 24% of total revenues as our global footprint expands

NEW CONTRACTS

- STT contract with Ithaca for the treatment of contaminated water in the UK on the COSL Pioneer
- STT contract with Shell for the treatment of contaminated water in the UK on the Valaris 121

RESULTS

In Q3 2023, our revenues reached NOK 66.4 million, a substantial increase from NOK 43.9 million in the same period last year. EBITDA from Operations was NOK 15.7 million, reflecting notable growth from NOK 12.8 million in 2022, with an EBITDA margin of 24%. Profit before tax amounted to NOK 8.2 million, demonstrating sustained profitability.

For the first nine months of 2023, we achieved revenues of NOK 171.3 million (compared to

NOK 134.2 million in 2022), EBITDA from operations at NOK 37.6 million (NOK 32.1 million), and profit before tax at NOK 17.5 million (NOK 11.7 million).

OPERATIONS

Soiltech's activities remained robust in the quarter, both domestically in Norway and internationally, with around 25 operations in progress. Our business model, based on 'build-own-operate,' means that we operate our technologies on-site, offering waste treatment and recovery services to our clients.

Throughout the quarter, we maintained operations in various countries, including Norway, the UK, the Netherlands, Lebanon, Mexico, Colombia, Mauritania, and Abu Dhabi. Importantly, we achieved a 100% commercial uptime across all projects, with no incidents or spills.

INVESTMENTS AND FINANCING

As of September 30, 2023, our net-interest bearing debt amounted to NOK 77.3 million, reflecting an increase compared to NOK 47.2 million in Q3 2022. This increase is linked to ongoing investments in equipment to expand our treatment and waste handling capacity.

Year to date, our cash flow from operating activities reached NOK 23.3 million, while cash flow from investing activities was NOK -41.2 million, due to our capacity expansion initiatives. Following a net contribution of NOK 14.8 million from financing activities, our net cash flow for the first nine months of 2023 stood at NOK -3 million. Our cash position on September 30, 2023, was NOK 35.8 million.

OUTLOOK

Soiltech's market-leading technologies for waste reduction, recovery, and reuse continue to gain momentum and market share. Q3 reaffirmed the high level of activity seen in Q2, and we anticipate that this trend will persist into Q4. While Q1 typically experiences lower activity due to the winter season, we foresee a continued strengthening of the market throughout the rest of 2024 and into 2025. This will translate into further growth for Soiltech, solidifying our position in the market.

ABOUT SOILTECH

Soiltech is an innovative cleantech service provider specializing in sustainable treatment, recycling and handling of contaminated water and solid industrial waste streams. The Company operates world-wide, with its head-office at Forus in Sandnes, Norway.

Learn more: www.soiltech.no

Sandnes, 25 October 2023

Soiltech AS

The Board of Directors

KEY FIGURES Q3 2023 (UNAUDITED)

INCOME STATEMENT (NOK 1,000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Revenues	66 381	43 927	171 268	134 247	178 170
Operating cost	39 852	23 774	102 233	75 615	98 928
Gross profit	26 529	20 153	69 035	58 632	79 242
	40 %	46 %	40 %	44 %	44 %
SG&A	10 783	7 377	31 408	26 500	33 691
EBITDA from Operations	15 746	12 776	37 627	32 132	45 551
	24 %	29 %	22 %	24 %	26 %
Adjustments*	486	657	1 582	6 419	6 628
Reported EBITDA	15 260	12 119	36 046	25 713	38 923
Depreciation	4 491	3 889	13 235	11 457	16 219
OPERATING PROFIT	10 769	8 230	22 810	14 256	22 704
		19 %	13 %	11 %	13 %
Net financial items	-2 534	-990	-5 316	-2 507	-3 862
PROFIT BEFORE TAX	8 235	7 241	17 495	11 749	18 842
	12 %	16 %	10 %	9 %	11 %

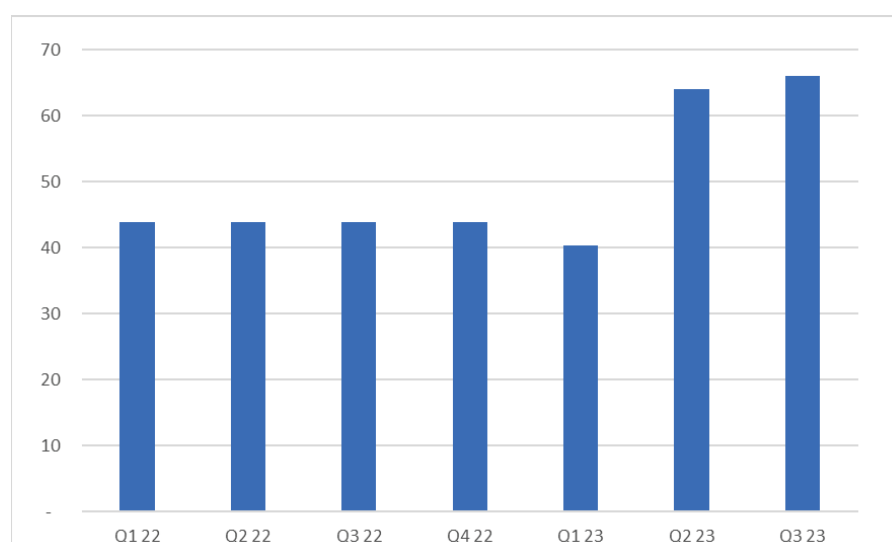
* Adjustments are cost related to share incentive scheme and other non-recurring cost

Note – IFRS - As from Q2 2023 the company has changed its financial reporting from NGAAP to IFRS. The change has been implemented retrospectively using 01.01.2022 as date of transition. The effects of the transition are limited and are not considered to have a material impact on the figures presented in this report. Further details on the change are presented in note 11 below. Sorbwater Technology AS financials for 2022 are consolidated from Q4 2022.

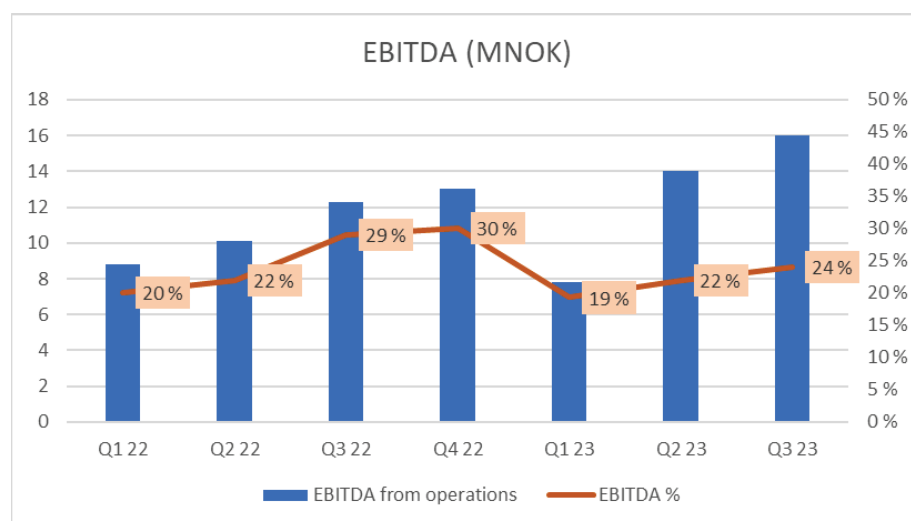
BALANCE SHEET	30.09.2023	30.09.2022	31.12.2022
(NOK 1,000)			
ASSETS			
Deferred tax asset	11 414	133	15 263
Intangible assets	6 851	864	6 795
Plant, property and equipment	162 332	132 895	130 300
Right-of-use asset	59 093	41 347	40 352
Investments in subsidiaries		15 000	
Other non-current assets	795	670	738
Non-Current assets	240 485	190 909	193 448
Inventories	238	-	238
Trade receivables	52 872	35 361	29 244
Cash and cash equivalents	35 844	35 941	38 832
Other current assets	5 200	10 622	8 047
Current assets	94 154	81 924	76 361
TOTAL ASSETS	334 639	272 833	269 810
EQUITY AND LIABILITIES			
Share capital	741	741	741
Other paid-in equity	83 948	83 948	83 948
Other reserves	1 509	793	1 132
Retained earnings	70 276	53 723	56 630
Total equity	156 474	139 205	142 451
Borrowings	65 658	40 453	38 892
Lease liabilities	31 293	34 150	16 742
Deferred tax liabilities	-	6 040	-
Other non-current liabilities	19 592	885	18 877
Total non-current liabilities	116 543	81 528	74 511
Trade payables	23 270	12 688	9 902
Borrowings	13 298	10 249	13 298
Lease liabilities	8 369	4 607	7 935
Tax payable	-	-	-
Other current liabilities	16 685	24 556	21 713
Total current liabilities	61 622	52 100	52 848
Total liabilities	178 165	133 628	127 359
TOTAL EQUITY AND LIABILITIES	334 639	272 833	269 810
Equity ratio (%)	47 %	51 %	53 %

STATEMENT OF CASH FLOWS (NOK 1,000)		01.01 - 30.09.2023
Profit before tax		17 495
Net cashflow from operating activities		23 360
Net cashflow from investing activities		-41 192
Net cashflow from financing activities		14 844
Total net cash flow		-2 988
Cash at beginning of period		38 832
Cash at end of period 30.09.2023		35 844

Quarterly revenue 2022 – Q3 2023 (MNOK)



Quarterly EBITDA from operations 2022 – Q3 2023 (MNOK)



Condensed consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Third quarter		First nine months	
		2023	2022	2023	2022
OPERATING REVENUES AND COST					
Revenue	3	66 350	43 927	170 874	134 247
Other operating income	3	32	0	394	0
Total operating income	3	66 381	43 927	171 268	134 247
Cost of materials		-16 818	-8 860	-40 598	-28 635
Personnel expenses		-28 192	-18 557	-78 045	-66 442
Depreciation and amortisation		-4 491	-3 889	-13 235	-11 457
Other operating expenses		-6 111	-4 390	-16 584	-13 458
Total operating expenses		-55 612	-35 696	-148 462	-119 991
Operating profit (loss)		10 769	8 231	22 806	14 256
Net foreign exchange gains (losses)		-455	-98	491	-178
Financial income		-1	170	261	381
Financial expenses		-2 079	-1 062	-6 064	-2 710
Net financial items		-2 534	-990	-5 312	-2 507
Profit (loss) before tax		8 235	7 241	17 495	11 749
Income tax expense	4	-1 808	-1 591	-3 849	-2 585
Profit (loss) for the period		6 427	5 649	13 646	9 164
Total comprehensive income is attributable to:					
Owners of Soiltech AS		6 427	5 649	13 646	9 164
Earnings per share (NOK)					
Basic earnings per share	9	0,87	0,76	1,84	1,24
Diluted earnings per share	9	0,75	0,67	1,59	1,08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1000

ASSETS	Note	30.09.2023	31.12.2022	30.09.2022
Non-current assets				
Deferred tax assets	4	11 414	15 263	133
Intangible assets		6 851	6 795	864
Property, plant & equipment		162 332	130 300	132 895
Right-of-use assets		59 093	40 352	41 347
Investments in subsidiaries		0	0	15 000
Other non-current assets		795	738	670
Total non-current assets		240 485	193 448	190 908
Current assets				
Inventories		238	238	0
Trade receivables	6	52 872	29 244	35 361
Cash and cash equivalents		35 844	38 832	35 941
Other current assets		5 201	8 047	10 623
Total current assets		94 155	76 361	81 925
TOTAL ASSETS		334 639	269 810	272 833
EQUITY AND LIABILITIES				
	Note	30.09.2023	31.12.2022	30.09.2022
Equity				
Share capital		741	741	741
Other paid-in equity		83 948	83 948	83 948
Other reserves		1 509	1 132	793
Retained earnings		70 276	56 630	51 147
Total equity		156 474	142 451	136 629
LIABILITIES				
Borrowings	5,7,8	65 658	38 892	40 453
Lease liabilities	7,8	31 293	16 742	34 150
Deferred tax liabilities	4	0	0	8 616
Other non-current liabilities	6	19 592	18 877	886
Total non-current liabilities		116 544	74 511	84 104
Current liabilities				
Trade payables	8	23 270	9 902	12 688
Borrowings	5,7,8	13 298	13 298	10 249
Lease liabilities	7,8	8 368	7 935	4 607
Tax payable	4	0	0	0
Other current liabilities	8	16 686	21 713	24 557
Total current liabilities		61 622	52 848	52 100
Total liabilities		178 166	127 359	136 205
Total equity and liabilities		334 639	269 810	272 833

CONSOLIDATED STATEMENT OF CASH FLOW

	First nine months	
	2023	2 022
Cash flows from operating activities		
Operating profit (loss)	17 495	11 749
Income taxes paid	0	-893
Depreciation and amortisation	13 235	11 457
Cash effect of currency exchange differences	402	0
Changes in trade receivables, contract assets/liabilities	-23 234	-538
Changes in trade payables	11 467	8 754
Changes in inventories	0	0
Changes in other accruals and prepayments	3 995	-5 973
Net cash flow from operating activities	23 360	24 555
Cash flows from investment activities		
Purchase of property, plant & equipment	-41 192	-32 594
Net cash flow from investment activities	-41 192	-32 594
Cash flows from financing activities		
Proceeds from new borrowings	34 061	21 109
Repayments on borrowings	-7 295	-7 667
Payment of principal portion of lease liabilities	-8 070	-5 718
Interest paid	-3 852	-3 031
Proceeds from capital increase	0	55
Net cash flow from financing activities	14 844	4 748
NET CASH FLOW FOR THE PERIOD	-2 988	-3 291
Cash and cash equivalent 01.01	38 832	39 232
Cash and Cash equivalents 30.09	35 844	35 941

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(amounts in NOK 1000)	Note	Share capital	Other paid-in equity	Other reserves	Retained earnings	Total equity
2023						
Balance at 31 December 2022 (NGAAP)		741	83 948	1 132	57 132	142 953
Effects of transition to IFRS		0	0	0	-502	-502
Balance at 31 December 2022		741	83 948	1 132	56 630	142 451
Profit for the period		0	0		13 646	13 646
Other comprehensive income		0	0	377	0	377
Total comprehensive income		0	0	377	13 646	14 023
<i>Transactions with owners</i>						
Share-based payment		0	0	0	0	0
Contributions of equity		0	0	0	0	0
Balance at 30 September 2023		741	83 948	1 509	70 276	156 473
2022						
Balance at 31 December 2021 (NGAAP)		720	68 914	1 131	42 485	113 249
Effects of transition to IFRS		0	0	0	-502	-502
Balance at 1 January 2022		720	68 914	1 131	41 983	112 747
Profit for the period		0	0	0	9 164	9 164
Other comprehensive income		0	0	-338	0	-338
Total comprehensive income		0	0	-338	9 164	8 826
<i>Transactions with owners</i>						
Share-based payment		1	55	0	0	55
Addition from acquisition		20	14 980	0	0	15 000
Balance at 30 September 2022		741	83 948	793	51 147	136 629

Notes

Note 1 – General information

Soiltech AS (the 'Company') is a limited company domiciled in Norway. The registered office of the Company is Koppholen 25, 4313, Sandnes, Norway.

The Company is an innovative cleantech service provider specializing in the treatment, recycling and responsible handling of contaminated water and solid industrial waste streams. The Company is listed on the NOTC in Oslo with ticker code 'SOIL'. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). These interim consolidated financial statements are presented in accordance with IFRS, while the most recent annual financial statements were prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). Date of transition to IFRS is 1 January 2022 and all comparative figures have been restated accordingly. Reference is made to note 11 for details on the effects of the transition.

Note 2 – Summary of general accounting policies

The general accounting policies applied in the preparation of these interim consolidated financial statements are set out below. Specific accounting policies related to the individual areas in the financial statements are described in the relevant notes.

Basis for preparation

The interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, with the addition of some extra disclosures to compensate for the fact that the most recent annual financial statements were not prepared in accordance with IFRS.

The interim consolidated financial statements are presented in Norwegian Kroner (NOK), and have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

The interim financial statements are prepared on a going concern basis.

Accounting estimates

Items in the financial statements are to a varying degree affected by estimates and assumptions made by management, reference is made to the relevant notes for the affected items.

Estimates with a material impact on the financial statements, combined with a significant estimation uncertainty, consists of recognition of deferred tax asset (note 4).

Foreign currency translation

The functional currency of the Group is NOK. For consolidation purposes, the results and financial position of all the Group's entities with a functional currency other than NOK are translated using the closing rate at the balance sheet date.

New and amended IFRS standards not yet adopted

Of new standards and interpretations that are not mandatory for the current reporting period, none are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 3 – Revenues

Overall description of contracts with customers

The Group's revenue mainly derives from the sale of services related to contaminated water and slop treatment, as well as cuttings handling, to customers within the oil & gas industry. The key element of the service deliveries is the deployment and operation of Slop Treatment Technology (STT) units at the customer's premises.

The contract consideration is determined mainly on the basis of agreed daily rates for equipment and personnel, respectively. The rates vary depending on whether the equipment is in active use during operations or in standby mode, for example during rig moves and in-between operations.

Depending on the contract, costs of mobilization and demobilization of equipment and personnel may be recovered through the agreed daily rates or through separate fees. Such fees are, however, generally not material when compared to the total consideration expected from the contract.

Consideration is normally invoiced monthly, based on actual deliveries.

Accounting policies

The contracts are considered to consist of only a performance obligation, which is satisfied over time. Progress is measured assuming that the agreed daily rates reflect the value of the services as continuously provided to the customer. In short, revenue is therefore mostly recognized with the same amount that the Group has a right to invoice, with the exception of fees associated with mobilization and demobilization, which are recognized linearly over the expected contract duration.

Revenues by product category

(amounts in NOK 1000)	Third quarter		Year to date	
	2023	2022	2023	2022
Slop- and water treatment services	43 843	34 385	118 913	61 819
Other revenue	22 538	9 542	52 355	72 428
Total	66 381	43 927	171 268	134 247

Revenues by geography

(amounts in NOK 1000)	Year to date	
	2023	2022
Norway	129 739	112 807
International	41 530	21 440
Total	171 268	134 247

Revenues from major customers

(amounts in NOK 1000)	Year to date	
	2023	2022
Customer 1	51 921	44 696
Customer 2	32 628	22 790
Customer 3	19 855	15 718
Customer 4	13 751	22 438
Total from major customers	118 155	105 642
Other (less than 10% each)	53 113	28 605
Total	171 268	134 247

Note 4 – Income tax

Accounting policies

The Group is mainly subject to ordinary corporate taxation in Norway, and within the same tax group with respect to offsetting of deferred tax. Income tax is therefore recognized on the basis of a general application of IAS 12 without the need for further judgments or policies of significance. The Group is also subject to local taxation in foreign jurisdiction where it has operations.

Basis for recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable (more than 50%) that sufficient taxable profits will be available to realize the deductible temporary difference or carryforward of unused tax losses or tax credits.

Deferred tax assets are reviewed at each reporting date. In considering their recoverability, the Group assesses the likelihood of recovery within a reasonably foreseeable timeframe, typically a minimum of five years, taking into account the future expected income profile and business model of each relevant company or country, and any potential legislative restrictions on use. Short-term timing differences are generally recognized ahead of losses and other tax attributes as these are likely to reverse more quickly.

Basis for tax expense in interim periods

Due to materiality tax expense in interim periods is measured by multiplying profit before tax by nominal tax rate of 22%

Note 5 – Borrowings

Accounting policies

Borrowings are initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost.

Covenants

Due to the loan from Sandnes Sparebank, the group is subject to the following covenants:

- Net Interest bearing Debt (NIBD)/EBITDA > 4
- Book equity > 30%
- Approval from bank if dividend/group contribution

Compliance with the covenants is measured quarterly, first time based on the audited annual accounts for 2023.

Specification of borrowings 30.09.2023

(amounts in NOK 1000)	Nominal interest rate	Nominal amount	financing fees	Carrying amount
Innovasjon Norge	6,7 %	4 521	0	4 521
Sandnes Sparebank	3 m.Nibor+2.5%	74 435	0	74 435
Carrying amount as per 30.09.2023		78 956		78 956
Non-current borrowings				65 658
Current borrowings				13 298

Specification of borrowings – 31.12.2022

(amounts in NOK 1000)	Nominal interest rate	Nominal amount	financing fees	Carrying amount
Innovasjon Norge	6,0 %	6 458	0	6 458
Sandnes Sparebank	3 m.Nibor+2.5%	45 731	0	45 731
Carrying amount as per 31.12.2022		52 190		52 190
Non-current borrowings				38 892
Current borrowings				13 298

Specification of borrowings – 30.09.2022

(amounts in NOK 1000)	Nominal interest rate	Nominal amount	Capitalized financing fees	Carrying amount
Innovasjon Norge	5.2%	7 104	0	7 104
Sandnes Sparebank	3 m.Nibor+2.5%	43 597	0	43 597
Carrying amount as per 30.09.2022		50 702		50 702
Non-current borrowings				40 453
Current borrowings				10 249

Scheduled loan repayments – 30.09.2023

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Innovasjon Norge	2 854	2 012	-	-
Sandnes Sparebank	15 423	28 612	37 333	10 393
Total	18 277	30 624	37 333	10 393

Scheduled loan repayments – 31.12.2022

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Innovasjon Norge	2 908	4 076	-	0
Sandnes Sparebank	13 428	24 622	14 067	0
Total	16 336	28 698	14 067	0

Scheduled loan repayments – 30.09.2022

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	years
Innovasjon Norge	2 921	4 776	-	0
Sandnes Sparebank	12 978	24 326	11 782	0
Total	15 899	29 102	11 782	0

For loans with floating interest rates, the amounts above are calculated using the prevailing interest rate for the relevant period.

Carrying amount of assets pledged as security

(amounts in NOK 1000)	30.09.2023	31.12.2022	30.09.2022
Property, plant & equipment	162 332	130 300	132 895
Trade receivables	53 464	29 244	35 361
Total	215 796	159 544	168 256

Note 6 – Financial derivatives

Accounting policies

Financial derivatives consist of currency forward contracts. Although the contracts are held for hedging purposes, the Group does not apply hedge accounting. The forward contracts are measured at fair value through profit or loss. Gains and losses are presented as financial income or expense, respectively. Currency forward contracts are measured at level 2 in the fair value hierarchy, as the present value of future cash flows is based on the forward exchange rates at the balance sheet date.

Currency forward contracts

A currency forward contract was entered into in relation to a contract for the sale of equipment to Kuwait in 2014, in Soiltech's subsidiary Sorbwater Technology AS. Whether and when this revenue will materialize is subject to significant uncertainty. The forward contract is rolled over pending a final outcome and is included in the balance sheet under Other current liabilities with MNOK 3.9.

Note 7 – Financial assets and liabilities

Current Financial assets per category

(amounts in NOK 1000)	Year to date	
	2023	2022
<i>Financial assets at amortised cost</i>		
Trade receivables	52 872	35 361
Other assets	5 201	10 623
<i>Financial assets at fair value through profit or loss</i>		
Cash and cash equivalents	35 844	35 941
Carrying amount as at 31.09.23	93 917	81 925

Financial liabilities per category

(amounts in NOK 1000)	2023		2022	
	Current	Non-current	Current	Non-current
<i>Financial liabilities at amortised cost</i>				
Borrowings	13 298	65 658	10 249	40 453
Lease liabilities	8 368	31 293	4 607	34 150
Trade payables	23 270		12 688	0
<i>Financial liabilities at fair value through profit or loss</i>				
Currency forward contracts	3 892	0	0	0
Carrying amount as at 30.09.	48 828	96 952	27 544	74 603

Fair value

For items measured at amortized cost, carrying amount is considered to be a reasonable approximation to fair value.

Note 8 – Financial risk and capital management

The Company policies for management of capital and financial risk aim to support the current strategy and vision of maintaining a high rate of growth and development of prospective business opportunities. The Company's capital structure shall be robust enough to maintain the desired freedom of action and utilize growth opportunities, based on strict assessments relating to the allocation of capital. The Group relies heavily on bank financing. The loan covenants to which the Group is subject play a key role in how capital is managed and allocated, in order to maintain a low financing risk and financial flexibility. See note 5 borrowings for further details on the Group's current financing.

Market risk

The Group's exposure to financial market risk is mainly related to interest rates on external financing and various forms of currency risks. The Company has a diversified client list and evaluates changes in pricing structure contract by contract, as part of its mitigation process to cover for increased interest cost. The Company has not entered into any interest swap agreements.

Currency risk

The Company has Norwegian kroner (NOK) as its base currency. However, through its operations outside Norway, the Company is exposed to fluctuations in certain exchange rates mainly Euro (EUR), British Pound (GBP) and American dollar (USD). The Company also has currency risks linked to both balance sheet monetary items and investments in foreign countries.

Interest rate risk

The Company has floating interest rates based on NIBOR on all its interest-bearing loans and borrowings according to the financial strategy, see Note 5 borrowings, and is thereby influenced by changes in the interest market. An increase of 1 percentage point in the Company's' floating interest rate means a change in net interest expenses of approximately MNOK 1.

Credit risk

Assets that may give rise to credit risk comprising mainly trade receivables and bank deposits. For the latter, the counterparties are mainly banks established in the Nordic countries, which indicates that the credit risk should be regarded as negligible. Trade receivables are characterized by a concentration in the customer base, in terms of country and industry. The customers, however, are primarily large companies with high credit ratings, and the agreed payment terms in the contracts typically ensure that any overdue amounts are kept at low level. Thus, credit losses have historically been insignificant.

Liquidity risk

As at year-end, the Group's portfolio of loans and loan facilities is well diversified both with regards to maturity profile and lenders. In June 2023 the Company entered a 7-year loan facility of MNOK 73 with Sandnes Sparebank. Together with the existing loan facility of NOK 75m with Sandnes Sparebank, both facilities total NOK 148m. The unused portion of the credit facilities was NOK 66.8 as at 30.09.2023.

Summary of contractual maturities 30.09.2023

(amounts in NOK 1000)	Next year	1-2 years	2-5 years	More than 5 years
Lease liabilities	12 911	17 478	10 014	4 991
Borrowings	18 277	30 624	37 333	10 393
Trade payables	23 270	0	0	0
Currency forward contracts	3 892	0	0	0
Total	58 351	48 102	47 347	15 384

Note 9 – Earnings per share

Earnings per share	Third quarter		Year to date	
(amounts in NOK 1000)	2023	2022	2023	2022
Basic earnings per share	0,87	0,76	1,84	1,24
Diluted earnings per share	0,75	0,67	1,59	1,08

Earnings

(amounts in NOK 1000)	2023	2022	2023	2022
Profit (loss) for the period	6 427	5 649	13 646	9 164

Shares used as the denominator

(amounts in 1000)	2023	2022	2023	2022
Weighted average number of shares	7 405	7 405	7 405	7 405
<i>Adjustments for calculation of diluted earnings per share</i>				
Options	1 192	1 052	1 192	1 052
Weighted average number of shares and potential shares	8 598	8 458	8 598	8 458

Note 10 – Events after the reporting period

After the balance sheet date there are only events in the ordinary course of business and no events of an adjusting or non-adjusting nature.

Note 11 – Transition from NGAAP to IFRS

In connection with the transition to IFRS, the management has carried out a thorough review of the group's business and its accounting policies currently applied under NGAAP. Although the transition requires changes in the treatment of operating leases and goodwill, the overall conclusion has been that the transition has a very limited impact on the financial reporting of the group. Further details of the most significant changes per transition date and year end 2022 are explained in notes to the reconciliations below.

Effect of transition on statement of financial position per 01.01.2022

(amounts in NOK 1000)	Note	NGAAP	Adjust-ments	Reclassi- fications	IFRS
Assets					
Non-current assets					
Deferred tax assets	C	0	142	0	142
Intangible assets		461	0	0	461
Property, plant & equipment		88 968	0	0	88 968
Right-of-use assets	B	33 508	6 141	0	39 649
Other non-current assets		294	0	0	294
Total non-current assets		123 231	6 282	0	129 513
Current assets					
Inventories		0	0	0	0
Trade receivables	A	28 945	0	5 376	34 321
Cash and cash equivalents		39 232	0	0	39 232
Other current assets	A	21 435	0	-5 376	16 059
Total current assets		89 613	0	0	89 612
Total assets		212 844	6 282	0	219 125
Equity and liabilities					
Equity					
Share capital		720	0	0	720
Other paid-in equity		70 045	0	0	70 045
Other reserves		0	0	0	0
Retained earnings	C	42 485	-502	0	41 983
Total equity		113 249	-502	0	112 748
Liabilities					
Non-current liabilities					
Borrowings	B	40 106	0	-8 962	31 144
Lease liabilities	B	0	5 499	14 309	19 808
Deferred tax liabilities		6 040	0	0	6 040
Provisions		911	0	0	911
Other non-current liabilities		55	0	0	55
Total non-current liabilities		47 112	5 499	5 347	57 958

Current liabilities

Trade payables	A	13 321	0	459	13 780
Borrowings	B	16 418	0	-10 303	6 115
Lease liabilities	B	0	1 286	4 955	6 241
Tax payable		931	0	0	931
Other current liabilities	A	21 813	0	-459	21 354
Total current liabilities		52 483	1 286	-5 347	48 421
Total liabilities		99 595	6 784	0	106 379
Total equity and liabilities		212 844	6 282	0	219 127

Effect of transition on statement of financial position per 31.12.2022

(amounts in NOK 1000)	Note	NGAAP	Adjust-ments	Reclassi- fications	IFRS
Assets					
Non-current assets					
Deferred tax assets	c	15 133	130	0	15 263
Intangible assets	C	6 835	-40	0	6 795
Property, plant & equipment		130 300	0	0	130 300
Right-of-use assets	B	47 126	5 668	-12 442	40 352
Other non-current assets		738	0	0	738
Total non-current assets		200 132	5 758	-12 442	193 448
Current assets					
Inventories		238	0	0	238
Trade receivables	A	22 288	0	6 956	29 244
Cash and cash equivalents		38 832	0	0	38 832
Other current assets	A	15 003	0	-6 956	8 047
Total current assets		76 360	0	0	76 361
Total assets		276 492	5 758	-12 442	269 809
Equity and liabilities					
Equity					
Share capital		741	0	0	741
Other paid-in equity		85 080	0	0	85 080
Other reserves		0	0	0	0
Retained earnings	C	57 132	-502	0	56 630
Total equity		142 953	-502	0	142 451

Liabilities

Non-current liabilities

Borrowings			61 795	0	-22 903	38 892
Lease liabilities		B	0	4 652	12 090	16 742
Deferred tax liabilities			0	0	0	0
Provisions			796	0	0	796
Other non-current liabilities			18 081	0	0	18 081
Total non-current liabilities			80 672	4 652	-10 813	74 511

Current liabilities

Trade payables		A	9 178	0	724	9 902
Borrowings			21 254	0	-7 956	13 298
Lease liabilities		B	0	1 609	6 327	7 935
Tax payable			0	0	0	0
Other current liabilities		A	22 437	0	-724	21 713
Total current liabilities			52 869	1 609	-1 629	52 848

Total liabilities			133 539	6 260	-12 442	127 359
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Total equity and liabilities			276 492	5 758	-12 442	269 810
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Note A – Trade receivables and trade payables

In order to achieve a more correct classification in the balance sheet, the Company has decided to reclassify receivables relating to earned, not invoiced revenue from other current assets to trade receivables. Correspondingly, the provision for trade payables for which no invoice has been received has also been reclassified from other current liabilities to trade payables.

Note B – Leasing

For operating leases, the lease payments have been expensed continuously under NGAAP. As IFRS does not distinguish between operating and financial leases, all leases are recognized in the balance sheet as right-of-use assets and lease liabilities. The transition adjustments relate exclusively to the rental of office premises. For these leases, the Company has decided to recognize the right-of-use assets with a carrying amount as if IFRS 16 had been applied since commencement date. A discount rate of 4,6% has been applied when calculating the liability for the office leases.

Summary of adjustments for office leases

(amounts in NOK 1000)	31.12.2022	01.01.2022	2022
Right-of-use asset	5 668	6 141	
Lease liability	- 6 260	- 6 784	
Deferred tax asset	130	142	
Retained earnings	462	502	
Depreciation			1 420
Other operating expenses		-	1 742
Financial expenses			272
Income tax expense			11
Profit (loss) for the period		-	40

Note C – Reclassifications relating to finance leases

In previous reporting under NGAAP, the Group's liabilities relating to financial leases have been presented together with ordinary bank loans in the balance sheet. Starting from the transition to IFRS, these are presented separately as lease liabilities in the balance sheet.

As of end 2022, the group had entered into several lease agreements for the lease of STT units under construction, but not yet handed over to the Company. Previous balance sheet prepared under NGAAP, included assets and liabilities corresponding to the accrued payments from the bank to the manufacturer of the equipment. An adjustment of MNOK 12,4 is therefore made to both right-of-use assets and lease liabilities since IFRS does not permit recognition of these items until the date of commencement of the lease.

Note D – Acquisition of Sorbwater Technology AS in 2022

In august 2022 the Company acquired Sorbwater Technology AS. Prior to this, the Company has not been involved in any business combinations that could be eligible for a retrospective application of IFRS 3. When accounting for the acquisition of Sorbwater Technology AS under NGAAP, all assessments and assumptions were made in light of a possible future transition to IFRS. As a result, the differences were limited to those areas where NGAAP prohibits the use of IFRS solutions. These areas comprise amortization of goodwill under NGAAP, as well as the treatment of transaction costs. While transaction costs are always recognized as expense under IFRS, they are treated as part of the consideration under NGAAP, which in practice leads to increased goodwill.

Summary of adjustment for goodwill

(amounts in NOK 1000)	31.12.2022	2022
Intangible assets	-40	
Depreciation and amortization		187
Other operating expenses		-227